



COUNCILMEMBER CARL DEMaIO

FIFTH DISTRICT

CITY OF SAN DIEGO

MEMORANDUM

DATE: November 17, 2010

TO: Jay Goldstone, COO
Mayor and City Councilmembers

FROM: Councilmember Carl DeMaio *Carl DeMaio*

RE: FY 2011 Pension Payment and Interest

It has come to my attention that the City recently remitted the unpaid amount of the FY 2011 Annual Required Contribution (ARC) to SDCERS. It is also my understanding that this amounted to \$4 million.

The City traditionally makes its full pension payment on July 1 of each fiscal year to save money on interest. Given the decision to delay payment and accrue interest on the unpaid balance, however, I am concerned that \$4 million may not be sufficient to cover the City's entire FY 2011 obligation to the pension system.

More relevant to the SDCERS June 30, 2011 actuarial valuation, the City may have also foregone any investment returns in excess of the assumed rate that the \$4 million could have earned were it in the pension system since July 1.

Requested Action: In writing, please provide the offices of the City Council, Independent Budget Analyst and City Attorney with confirmation that the City has paid SDCERS the outstanding \$4 million balance on the FY 2011 ARC.

Further, please address whether the City paid the additional interest owed to the system that resulted from the decision to underpay the ARC on July 1, or whether the City still owes this amount (and thus, is still accruing additional interest on the unpaid balance). If the City still owes the system an additional FY 2011 contribution, please address when this contribution will be made.

cc: Andrea Tevlin, IBA
Jan Goldsmith, City Attorney
Mark Hovey, SDCERS Administrator
SDCERS Board of Administration